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AGENDA ITEM 4a

TO: MEMBERS OF THE PERFORMANCE AND COMPENSATION COMMITTEE

- I. SUBJECT:** CEA Compensation Program Policy
- II. PROGRAM:** Administration
- III. RECOMMENDATION:** This is an Information Item
- IV. ANALYSIS:**

The purpose of this agenda item is to present the revised CEA (Career Executive Assignment) Compensation Program Policy. The CEA Compensation Program was first established in March 1998 to enhance CalPERS ability to attract and retain well qualified CEAs to serve in senior manager and executive level positions. The program provides CEAs the opportunity to earn a performance award, in addition to base pay, for completing annual performance objectives tied to the CalPERS strategic and business plans. Administration of the CEA Compensation Program is delegated to the Chief Executive Officer.

The CEA Compensation Program policy has not been revised since it was first established in 1998. The proposed document (Attachment 1) provides a more up to date and comprehensive overview of the program policies, processes and procedures than the original policy (Attachment 2). The proposed policy also incorporates new language regarding CEO discretion over payment of performance awards that aligns with changes made to the Executive and Investment Compensation Policies and Procedures adopted by the Board in June 2010.

The updated policy will be provided to all impacted CEA staff upon approval of the Committee.

V. STRATEGIC PLAN:

Under Goal III of the Strategic Plan, CalPERS is committed to sustaining a high performance work culture. This can be accomplished at the highest executive levels through the establishment of methods that provide broad flexibility in the recruitment, retention and compensation of key personnel.

VI. RESULTS/COSTS:

The establishment of performance plan measures is critical to the management of a competitive compensation program for executives at the highest levels of the organization. This, in turn, is critical to the success of the organization. The cost of performance awards that might arise from the recommendations in this item will be funded from existing resources.

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Attachment